

Hearing Date: July 20, 2010 at 10:00 a.m.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <u>et al.</u> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**STATEMENT OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS
IN SUPPORT OF THE DEBTORS' MOTION PURSUANT TO SECTION 363
OF THE BANKRUPTCY CODE AND FEDERAL RULE OF BANKRUPTCY
PROCEDURE 9019 FOR AUTHORITY TO (I) ENTER INTO THE SECOND
AMENDED JOINT CHAPTER 11 PLAN PROPOSED BY THE LEHMAN
CREDITORS AND THE SUNCAL TRUSTEE ON BEHALF OF THE SUNCAL
INVOLUNTARY DEBTORS IN EIGHT OF THE SUNCAL INVOLUNTARY
DEBTORS' CASES; (II) ENTER INTO THE SECOND AMENDED JOINT
CHAPTER 11 PLAN PROPOSED BY THE LEHMAN LENDERS IN ELEVEN
OF THE SUNCAL VOLUNTARY DEBTORS' CASES; AND (III)
PARTICIPATE IN ANY AUCTION OF THE SUNCAL DEBTORS' ASSETS**

The Official Committee of Unsecured Creditors (the "Committee") appointed in the chapter 11 cases of Lehman Brothers Holdings Inc. ("LBHI") and each of its affiliated debtors in possession (collectively, the "Debtors"), hereby files this statement in support of the Debtors' motion, dated June 28, 2011 [Docket No. 18122] (the "Motion"),¹ pursuant to section 363 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy"),

¹ All capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

Code”), and Rule 9019 of the Federal Rules of Bankruptcy Procedure for authority for (i) LCPI to be a plan proponent of the Second Amended Lehman/Trustee TD Plan and the Second Amended Lehman VD Plan and to consummate the transactions contemplated in each such plan, including providing the LCPI Plan Funding, (ii) LBHI to provide the LBHI Plan Funding, and (iii) LBHI and/or LCPI to participate in and to cash bid at the SunCal Property Auction or any other sale of the SunCal Debtors’ assets.

STATEMENT

1. The Committee supports the relief requested in the Motion. As set forth in the Motion, the Lehman Plans establish the best framework for preserving and maximizing the prospects of a recovery by the Debtors in the SunCal Debtors’ Cases. Furthermore, the Lehman Plans resolve the uncertainty attendant in litigating the Adversary Proceedings, including the ES Action. If the Lehman Plans are consummated, the Debtors will take title to the SunCal Properties and will be able to obtain the best recovery possible on account of their claims by either selling the SunCal Properties or pursuing development plans in connection therewith.

2. The Committee has been working with the Debtors and their advisors since the beginning of the SunCal Debtors’ Cases to address the numerous legal and business issues that have arisen therein. The Committee has considered and approved earlier versions of the Lehman Plans and has recently reaffirmed its support for the modifications proposed in the Second Amended Lehman/Trustee TD Plan and the Second Amended Lehman VD Plan. The Committee believes that the slightly revised funding thresholds are reasonable. Moreover, the proposed order establishes appropriate Committee oversight with respect to such thresholds by requiring that the Debtors consult with and obtain the consent of the Committee prior to consummating either of the Lehman Plans if the expected funding costs exceed the applicable thresholds.

3. In addition to seeking relief with respect to the Lehman Plans, the Debtors also seek relief with respect to the SunCal Plans. As noted in the Motion, the SunCal Plans attempt to prohibit LCPI and its affiliates from exercising their right to credit bid at an auction of the SunCal Properties. As a result, if the SunCal Plans are confirmed, the applicable SunCal Properties may be sold at prices that do not reflect their true market value and will not enable the applicable Lehman Creditors to maximize their recoveries. Accordingly, in the event that any SunCal Plan is confirmed, the Committee agrees with the Debtors that LCPI and LBHI should be authorized to cash bid for any SunCal Properties to maximize the value of their investments. The proposed order establishes appropriate Committee oversight with respect to the SunCal Property Auctions because any cash bid by LCPI or LBHI is subject, in both terms and amount, to the Committee's consent.

4. Finally, the Debtors seek authority for LBHI to provide funds for all or a portion of the Lehman Plan Funding. As noted in the Motion, LBHI has a beneficial interest in the SunCal Properties because it has acquired interests in certain of the loans previously held by Fenway Funding, LLC. The Committee believes that, under the circumstances, it is appropriate for LBHI to provide a portion of the Lehman Plan Funding or cash bid in connection with the SunCal Plans, so long as the final form of order reserves (as the Debtors have agreed it will) until a later date any decision with respect to the proper allocation of costs and benefits of the Lehman Plan Funding between LCPI and LBHI.

CONCLUSION

For the foregoing reasons, the Committee respectfully requests that the Court
(i) grant the relief requested in the Motion; and (ii) grant the Committee and the Debtors such
other relief as is just.

Dated: New York, New York
July 15, 2011

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By: /s/ Dennis F. Dunne

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